

Message Text

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20

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01 RSR-01

INRE-00 /166 W

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P R 291150 Z MAR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 4169

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION BERLIN

USMISSION EC BRUSSELS

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BERLIN PASS ASSISTANT SECRETARY ARMSTRONG AND WOOTTON

E. O. 11652: GDS

TAGS: ETRD, EEC, WG

SUBJECT: FRIDERICH'S REMARKS ON MULTILATERAL TRADE NEGOTIATIONS
(MTN)

1. SUMMARY: THE ECONOMICS MINISTRY HAS PROVIDED US WITH AN ADVANCE
TEXT IN ENGLISH OF THE SPEECH TO BE GIVEN BY ECON MINISTER FRIDERICH'S
TO THE AMERICAN CHAMBER OF COMMERCE IN GERMANY ON 29 MARCH IN
BERLIN.

IN THIS SPEECH, FRIDERICH'S RENEWS AND EXTENDS HIS PREVIOUS EFFORTS
TO EMPHASIZE THE IMPORTANCE OF EC RESPONSIVENESS TO US TRADE
CONCERNS.

OF PARTICULAR INTEREST ARE HIS REMARKS ON AGRICULTURE, REVERSE
PREFERENCES AND ARTICLE XXIV:6 NEGOTIATIONS. THERE FOLLOWS
EXCERPTS
FROM THIS SPEECH: END SUMMARY.

2. BEGIN TEXT: A. XXIV:6 NEGOTIATIONS -" THE FIRST TASK, CREATING
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A FAVOURABLE CLIMATE, (FOR THE MTN) FACES US ALREADY IN THE TALKS WHICH HAVE JUST BEGUN IN THE GATT ON THE COMPENSATORY ADJUSTMENT OF TARIFFS. AS YOU KNOW, THESE TALKS ARE MADE NECESSARY BY THE ENLARGMENT OF THE EEC. THE AIM MUST BE TO CONDUCT THE TALKS WITH AS LITTLE DISAGREEMENT AS POSSIBLE. IN THIS CONTEXT, WE FEEL THAT THE COMMUNITY SHOULD ADOPT AN ACCOMMODATING ATTITUDE TOWARDS THE COUNTRIES AFFECTED, FOR EXAMPLE IN QUESTIONS INVOLVING THE SUB-STATNIAL INTERESTS OF MAJOR SUPPLIER COUNTRIES AND COMPENSATORY CONCESSIONS IN THE AGRICULTURAL SECTOR. ON THE OTHER HAND, THESE COUNTRYRIES MUST NOT PITCH THEIR CLAIMS FOR COMPENSATION FROM THE EEC TOO HIGH. THIS IS THE ONLY WAY TO PREVENT THE COMPENATION TALKS FROM BURDENING THE GATT NEGOTIATIONS LATER IN THE YEAR."

B. REVERSE PREFERENCES -" I WOULD LIKE TO MENTION IN THIS CONNECTION THAT MY GOVERNMENT IS PERFECTLY PREPARED TO SEE THE COMMUNITY WAIVE REVERSE PREFERENCES IN ITS ASSOCIATION AND PREFERENTIAL AGREEMENTS WITH NON- EUROPEAN COUNTRIES, WHICH IS A PARTICULAR WISH OF THE UNITED STATES."

C. TARIFFS -" THIS WILL HAVE TO INCLUDE A SUBSTANTIAL LOWERING OF ALL TARIFFS IN THE INDUSTRIAL SECTOR. A CONSIDERABLE REDUCTION OF TARIFFS WOULD ALSO HAVE THE ADVANTAGE OF HELPING TO EASE THE TENSIONS RESULTING FROM THE EEC' S ASSOCIATION AND PREFERENTIAL POLICIES, ESPECIALLY WITH REGARD TO THE USA. THIS IS OF COURSE ESPECIALLY TRUE IF THIS TARIFF REDUCTION IS TO BE A STEP ON THE WAY TO REMOVING TARIFFS COMPLETELY IN 10 TO 20 YEARS, AS WE BELIEVE IT SHOULD BE."

D. AGRICULTURE -" IN THE POLITICALLY SENSITIVE AREA OF AGRICULTURE TOO, LIBERAL PROGRESS MUST BE MADE. WE ARE WELL AWARE THAT THE INCLUSION OF THIS ECTOR IN THE GATT TALKS IS OF MAJOR IMPORTANCE. THE COMMUNITY' S TRADING PARTNERS EXPECT THE EEC TO MAKE A SUBSTANTIAL CONTRIBUTION TO EXPANDING WORLD TRADE IN AGRICULTURAL PRODUCTS. THIS IS ESPECIALLY TRUE OF THE USA. NEVERTHELESS, EXPECTATIONS SHOULD NOT BE PITCHED TOO HIGH. IT SEEMS PARADOXICAL THAT THE WORLD' S MOST PWERFUL INDUSTRIAL NATION SHOULD TRY TO BALANCE ITS TRADE IN THE AGRICULTURAL FIELD; THIS APPEARS TO ME SOMEWHAT UNREALISTIC. HOWEVER, THIS IS SOMETHING WE MUST ACCEPT. IN THE GATT TALKS WE MUST ATTEMPT TO SETTLE THE AGRICULTURAL POLICY ISSUE. OUR PRESENT VIEW IS THAT THE COMMUNITY COULD CONTRIBUT BY FACILITATING I PORTS AND LIMITING EXPORT REGULATIONS, E. G. BY LOWERING THE TARIFFS FOR CERTAIN PRODUCTS,

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EXPANDING EXISTING TARIFF AND OTHER QUOTAS AND ESTABLISHING NEW
ONES,
AND FINALLY BY LIMITING EXPORT SUBSIDIES."

E. US TRADE BILL -" WE HAVE WELCOMED THE REPEATED ANNOUNCEMENTS BY
THE
AMERICAN GOVERNMENT THAT IT WILL SEEK A LIBERAL NEGOTATING MANDATE
FROM CONGRESS. ON THE OTHER HAND, IT WILL NOT HIDE THE FACT THAT
WE ARE CONCERNED ABOUT OTHER STATEMENTS BY AMERICAN GOVERNMENT
REPRESENTATIVES. I HAVE BEEN WORRIED, FOR EXAMPLE, BY THE
SUGGESTION
THAT THE US GOVERNMENT WILL SEEK POWERS FROM CONGRESS TO TAKE
MEASURES TO PROTECT AMERICAN EXPORTS. IF ONE FURTHER SONDERED THE
MOST RECENT DEMANDS AND SUGGESTIONS IN THE TRADE FIELD MADE BY
INFLUENTIAL MEMBERS OF CONGRESS, EVEN IF THEY DO INCLUDE SOME
LIBERAL
ELEMENTS, THIS ADDS TO OUR DOUBTS WHETHER CONGRESS WILL REALLY BE
PREPARED WHEN LEGISLATING ON TRADE TO GIVE THE ADMINISTRATION THE
LIBERAL MANDATE WHICH IS NEEDED IF THE GATT NEGOTIATIONS ARE TO
SUCCEED." END TEXT HILLENBRAND

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